



1st Quarter FY March 2009 Financial Results

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Nomura Research Institute, Ltd.

July 25, 2008

I. 1Q FY March 2009 Financial Results (Consolidated)

(1) Highlights

(Unit: JPY million)

	1Q FY Mar.2008 (Apr.2007- Jun.2007)	Progress	1Q FY Mar.2009 (Apr.2008- Jun.2008)	Progress	YoY		FY Mar.2008 (Apr.2007 - Mar.2008)
	Amount		%		Amount	%	Diff.
Sales	77,486	22.6	79,495	22.1	2,009	2.6	342,289
Cost of Sales	54,837	-	56,517	-	1,680	3.1	238,537
Gross Profit	22,649	-	22,977	-	328	1.5	103,751
(Gross Profit Margin)	29.2%	-	28.9%	-	(0.3P)		30.3%
SG&A	11,906	-	13,118	-	1,212	10.2	51,087
Operating Profit	10,742	20.4	9,859	18.6	(883)	(8.2)	52,664
(Operating Profit Margin)	13.9%	-	12.4%	-	(1.5P)		15.4%
Non-operating gain and loss	1,564	-	1,055	-	(508)	(32.5)	2,853
Other Income and Expense	1,385	-	(348)	-	(1,733)	(125.1)	(7,530)
Net Income	8,061	28.6	6,051	18.6	(2,009)	(24.9)	28,157
Earnings per Share	JPY 39.60	28.6	JPY 30.63	18.8	(8.97)	(22.6)	JPY 138.52

* 1Q FY Mar.2009 progress is based on the financial results forecast released on April 24, 2008.

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(2) Sales by sector

From FY Mar.2008, the Company has changed the sales breakdown by sector, which provides detailed breakdown for the "financial sector." "Other private sector" and "public sector" have been compiled together under "other sector."

(Unit: JPY million)

	1Q FY Mar.2008 (Apr.2007- Jun.2007)		1Q FY Mar.2009 (Apr.2008- Jun.2008)		YoY		FY Mar.2008 (Apr.2007- Mar.2008)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Securities sector	34,112	44.0	32,774	41.2	(1,337)	(3.9)	152,152	44.5
Insurance sector	5,945	7.7	9,129	11.5	3,183	53.5	30,851	9.0
Banking sector	6,112	7.9	6,039	7.6	(73)	(1.2)	25,471	7.4
Other financial sector	6,000	7.7	7,351	9.2	1,350	22.5	27,496	8.0
Financial sector	52,171	67.3	55,295	69.6	3,124	6.0	235,972	68.9
Distribution sector	11,185	14.4	10,843	13.6	(341)	(3.1)	44,569	13.0
Other sector	14,129	18.2	13,356	16.8	(773)	(5.5)	61,746	18.0
Total	77,486	100.0	79,495	100.0	2,009	2.6	342,289	100.0
*Sales by major counterparties within the foregoing amounts								
Nomura Holdings	23,885	30.8	23,545	29.6	(340)	(1.4)	104,808	30.6
SEVEN & i HOLDINGS	9,005	11.6	9,500	12.0	495	5.5	37,611	11.0

*Figures, in principle, include sales to subsidiaries. Sales via leasing and other companies include sales to customers ultimately receiving services and other products.

*Since Japan Post was privatized and split up in October 2007, data for the resulting companies is calculated based on the industry to which each belongs.

*Amounts of less than JPY million were rounded down.

I. 1Q FY March 2009 Financial Results (Consolidated)

(3) Sales and Operating Profit by segment

Consulting Services

(Unit: JPY million)

	1Q FY Mar.2008 (Apr.2007- Jun.2007)		1Q FY Mar.2009 (Apr.2008- Jun.2008)		YoY		FY Mar.2008 (Apr.2007 - Mar.2008)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Sales	6,389	8.2	7,380	9.3	991	15.5	30,333	8.9
Operating Profit	196		509		313	159.1	4,139	
Operating Profit Margin	3.1%		6.9%		3.8P		13.6%	

IT Solution Services

(Unit: JPY million)

	1Q FY Mar.2008 (Apr.2007 - Jun.2007)		1Q FY Mar.2009 (Apr.2008 - Jun.2008)		YoY		FY Mar.2008 (Apr.2007 - Mar.2008)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
System Development & System Application Sales	34,397	44.4	32,513	40.9	(1,883)	(5.5)	150,177	43.9
System Management & Operations	34,380	44.4	37,083	46.6	2,703	7.9	140,865	41.2
Product Sales	2,318	3.0	2,517	3.2	198	8.6	20,913	6.1
Sales	71,096	91.8	72,114	90.7	1,018	1.4	311,955	91.1
Operating Profit	10,546		9,349		(1,196)	(11.3)	48,525	
Operating Profit Margin	14.8%		13.0%		(1.9P)		15.6%	

*Amounts of less than JPY million were rounded down.

I. 1Q FY March 2009 Financial Results (Consolidated)

(4) Order Volume and Order Backlog

Order Volume

(Unit: JPY million)

	1Q FY Mar.2008	1Q FY Mar.2009	YoY	
	(Apr.2007- Jun.2007)	(Apr.2008- Jun.2008)	Diff.	Change (%)
	Amount	Amount		
Consulting Services	10,434	11,458	1,023	9.8
System Development & System Application Sales	45,982	36,826	(9,156)	(19.9)
System Management & Operations	15,197	16,627	1,429	9.4
Product Sales	2,312	2,509	197	8.5
IT Solution Services	63,492	55,962	(7,530)	(11.9)
Total	73,927	67,420	(6,506)	(8.8)

Order Backlog(Outstanding)

(Unit: JPY million)

	At end of	At end of	YoY	
	1Q FY Mar.2008	1Q FY Mar.2009	Diff.	Change (%)
	Amount	Amount		
Consulting Services	7,098	7,906	807	11.4
System Development & System Application Sales	34,005	23,501	(10,503)	(30.9)
System Management & Operations	90,510	99,832	9,322	10.3
IT Solution Services	124,515	123,334	(1,181)	(0.9)
Total	131,614	131,240	(374)	(0.3)
Order backlog in the current FY	127,254	129,994	2,740	2.2

*Amounts of less than JPY million were rounded down.

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(5) Subcontracting Costs

Subcontracting Costs by segment & Percentage in actual production

(Unit: JPY million)

	1Q FY Mar.2008 (Apr.2007- Jun.2007)		1Q FY Mar.2009 (Apr.2008- Jun.2008)		YoY		FY Mar.2008 (Apr.2007- Mar.2008)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Consulting Services	1,059	28.7	1,113	26.9	53	5.1	4,676	28.9
System Development & System Application Sales	19,283	68.2	17,880	68.5	(1,402)	(7.3)	80,296	69.3
System Management & Operations	7,636	32.4	9,426	35.6	1,790	23.4	33,624	34.3
IT Solution Services	26,919	52.0	27,307	52.0	387	1.4	113,920	53.3
Total	27,979	50.4	28,420	50.1	441	1.6	118,596	51.6
(Subcontracting Costs to China)	3,890	13.9	4,150	14.6	259	6.7	16,755	14.1

* Subcontracting costs to China & Percentage in total subcontracting costs.

*Amounts of less than JPY million were rounded down.

I. 1Q FY March 2009 Financial Results (Consolidated)

(6) Cash Flow

(Unit: JPY million)

	1Q	1Q	YoY		FY Mar.2008
	FY Mar.2008 (Apr.2007- Jun.2007)	FY Mar.2009 (Apr.2008- Jun.2008)	Diff.	Change(%)	(Apr.2007 -Mar.2008)
	Amount	Amount			Amount
Income before income taxes	13,692	10,566	(3,125)	(22.8)	47,987
Gain/Loss from non-operating activities	(1,517)	(1,059)	457	(30.2)	(2,731)
Extraordinary gain/loss	(1,364)	351	1,716	-	(2,037)
Depreciation and amortization	3,430	4,600	1,170	34.1	16,517
Accounts receivable and other receivable, net of advance payments received	4,401	11,915	7,514	170.7	(10,760)
Allowance	(6,612)	(5,735)	877	(13.3)	1,729
Other	(1,869)	1,452	3,322	-	2,740
Subtotal	10,159	22,093	11,933	117.5	53,445
Interest and dividends received	1,236	962	(273)	(22.1)	2,381
Income taxes paid	(12,718)	(11,001)	1,716	(13.5)	(24,020)
Operating Activities	(1,322)	12,054	13,376	-	31,806
Acquisition of property and equipment	(7,442)	(5,145)	2,296	(30.9)	(21,381)
Increase in software and other intangibles	(4,345)	(4,542)	(197)	4.5	(17,485)
Subtotal: Capital expenditure	(11,787)	(9,688)	2,099	(17.8)	(38,866)
Increase in time deposits	(3,624)	-	3,624	(100.0)	(7,202)
Proceeds from time deposits	3,683	-	(3,683)	(100.0)	6,579
Increase in investment securities	(11,965)	(14,114)	(2,148)	18.0	(44,339)
Proceeds from sales and redemption of investment securities	2,286	12,005	9,718	425.0	35,665
Other	17	4	(12)	(74.5)	237
Investing Activities	(21,390)	(11,792)	9,598	(44.9)	(47,925)
Free Cash Flow	(22,712)	262	22,975	-	(16,119)
(Free Cash Flow except Cash management purpose investment)	(10,809)	2,215	13,024	-	(5,617)
Repayments of finance lease obligations	-	(117)	(117)	-	-
Purchase of treasury stock	116	(11,810)	(11,927)	-	(14,176)
Cash dividends paid	(4,210)	(5,022)	(811)	19.3	(9,360)
Financing Activities	(4,094)	(16,951)	(12,857)	314.0	(23,537)
Effect of exchange rate changes on Cash and cash equivalents	134	149	15	11.3	(672)
Net increase in Cash and cash equivalents	(26,672)	(16,539)	10,133	(38.0)	(40,329)
Cash and cash equivalents at beginning of period	115,854	75,524	(40,329)	(34.8)	115,854
Cash and cash equivalents at end of period	89,181	58,985	(30,196)	(33.9)	75,524
Cash and cash equivalents + Cash Management purpose investment	119,128	88,565	(30,563)	(25.7)	102,697

Note: Cash management purpose investment are the investments to 3 months over time deposits and government bonds etc.
Cash management purpose investment (included in investing activities) are as follows.

Increase in time deposits	(3,624)	-	3,624	(100.0)	(7,202)
Proceeds from time deposits	3,683	-	(3,683)	(100.0)	6,579
Increase in investment securities	(11,961)	(13,952)	(1,991)	16.6	(40,878)
Proceeds from sales and redemption of investment securities	-	12,000	12,000	-	31,000
(Total)	(11,903)	(1,952)	9,950	83.6	(10,501)

*Amounts of less than JPY million were rounded down.

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I. 1Q FY March 2009 Financial Results (Consolidated)

(7) Capital Expenditure

(Unit: JPY million)

	1Q FY Mar.2008 (Apr.2007 - Jun.2007)	1Q FY Mar.2009 (Apr.2008 - Jun.2008)	YoY		FY Mar.2008 (Apr.2007 - Mar.2008)
	Amount	Amount	Diff.	Change (%)	Amount
Tangible	2,901	3,234	332	11.5	18,872
Intangible	4,339	4,491	152	3.5	17,566
Total	7,241	7,726	484	6.7	36,438

(8) Depreciation and Amortization

(Unit: JPY million)

	1Q FY Mar.2008 (Apr.2007 - Jun.2007)	1Q FY Mar.2009 (Apr.2008 - Jun.2008)	YoY		FY Mar.2008 (Apr.2007 - Mar.2008)
	Amount	Amount	Diff.	Change (%)	Amount
Tangible	1,897	2,691	793	41.8	9,449
Intangible	1,532	1,909	376	24.6	7,067
Total	3,430	4,600	1,170	34.1	16,517

(9) R&D Expenditure

(Unit: JPY million)

	1Q FY Mar.2008 (Apr.2007 - Jun.2007)	1Q FY Mar.2009 (Apr.2008 - Jun.2008)	YoY		FY Mar.2008 (Apr.2007 - Mar.2008)
	Amount	Amount	Diff.	Change (%)	Amount
Consulting Services	72	77	4	6.2	557
IT Solution Services	566	653	87	15.4	4,358
Total	639	731	91	14.3	4,915

*Amounts of less than JPY million were rounded down.

II. FY March 2009 Financial Results Forecasts (Consolidated)

(1) Highlights

(Unit: JPY billion)

	FY Mar.2008	FY Mar.2009	YoY	
	(Results)	(Forecasts)	Diff.	Change (%)
	Amount	Amount		
Sales	342.2	360.0	17.7	5.2
Operating Profit	52.6	53.0	0.3	0.6
Net Income	28.1	32.5	4.3	15.4
Operating Profit Margin	15.4%	14.7%	(0.7P)	
Earnings per share	JPY 138.52	JPY 163.27	JPY 24.75	17.9
1st Half	JPY 24.00	JPY 26.00	JPY 2.00	8.3
Fiscal Year	JPY 26.00	JPY 26.00	-	-
Dividends per share	JPY 50.00	JPY 52.00	JPY 2.00	4.0
Dividend payout ratio	35.7%	31.8%	(3.9P)	

[1st Half]

	FY Mar.2008	FY Mar.2009	YoY	
	(Results)	(Forecasts)	Diff.	Change (%)
	Amount	Amount		
Sales	165.1	165.0	(0.1)	(0.1)
Operating Profit	27.4	23.0	(4.4)	(16.1)
Net Income	18.3	14.5	(3.8)	(20.9)
Operating Profit Margin	16.6%	13.9%	(2.7P)	

[2nd Half]

	FY Mar.2008	FY Mar.2009	YoY	
	(Results)	(Forecasts)	Diff.	Change (%)
	Amount	Amount		
Sales	177.1	195.0	17.8	10.1
Operating Profit	25.2	30.0	4.7	18.8
Net Income	9.8	18.0	8.1	83.3
Operating Profit Margin	14.3%	15.4%	1.1P	

II. FY March 2009 Financial Results Forecasts (Consolidated)

(2) Sales by segment

(Unit: JPY billion)

	FY Mar.2008 (Results)		FY Mar.2009 (Forecasts) <A>		YoY		FY Mar.2009 (Forecasts as of Apr.24,2008) 		A-B	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Amount	Change (%)	
	Consulting Services	30.3	8.9	33.0	9.2	2.6	8.8	33.0	-	-
System Development & System Application Sales	150.1	43.9	156.0	43.3	5.8	3.9	158.0	(2.0)	(1.3)	
System Management & Operations	140.8	41.2	152.0	42.2	11.1	7.9	150.0	2.0	1.3	
Product Sales	20.9	6.1	19.0	5.3	(1.9)	(9.1)	19.0	-	-	
IT Solution Services	311.9	91.1	327.0	90.8	15.0	4.8	327.0	-	-	
Sales	342.2	100.0	360.0	100.0	17.7	5.2	360.0	-	-	

[1st Half]

(Unit: JPY billion)

	FY Mar.2008 (Results)		FY Mar.2009 (Forecasts) <A>		YoY		FY Mar.2009 (Forecasts as of Apr.24,2008) 		A-B	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Amount	Change (%)	
	Consulting Services	13.7	8.3	15.0	9.1	1.2	8.9	15.0	-	-
System Development & System Application Sales	74.0	44.8	71.0	43.0	(3.0)	(4.1)	73.0	(2.0)	(2.7)	
System Management & Operations	69.0	41.8	74.0	44.8	4.9	7.2	72.0	2.0	2.8	
Product Sales	8.2	5.0	5.0	3.0	(3.2)	(39.5)	5.0	-	-	
IT Solution Services	151.3	91.7	150.0	90.9	(1.3)	(0.9)	150.0	-	-	
Sales	165.1	100.0	165.0	100.0	(0.1)	(0.1)	165.0	-	-	

[2nd Half]

(Unit: JPY billion)

	FY Mar.2008 (Results)		FY Mar.2009 (Forecasts) <A>		YoY		FY Mar.2009 (Forecasts as of Apr.24,2008) 		A-B	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Amount	Change (%)	
	Consulting Services	16.5	9.3	18.0	9.2	1.4	8.7	18.0	-	-
System Development & System Application Sales	76.1	43.0	85.0	43.6	8.8	11.6	85.0	-	-	
System Management & Operations	71.8	40.5	78.0	40.0	6.1	8.6	78.0	-	-	
Product Sales	12.6	7.1	14.0	7.2	1.3	10.7	14.0	-	-	
IT Solution Services	160.5	90.7	177.0	90.8	16.4	10.2	177.0	-	-	
Sales	177.1	100.0	195.0	100.0	17.8	10.1	195.0	-	-	

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